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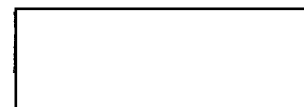
30 JAN 1978

SAVE

THE ANNUAL MEETING OF
YOUR
GOVERNMENT
EMPLOYEES
HEALTH
ASSOCIATION

Incorporated Under the Laws of the District of Columbia
in the Interest of Insurance Protection for Agency Employees

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PROVIDING A VARIETY OF INSURANCE PLANS

- LIFE INSURANCE

UBLIC
FEGLI
WAEPA
CONTRACT

- HEALTH INSURANCE

ASSOCIATION BENEFIT PLAN
(HOSPITAL, MEDICAL & SURGICAL)
CONTRACT HOSPITALIZATION
SPECIFIED DREAD DISEASE PLAN

- DISABILITY INSURANCE (INCOME REPLACEMENT PLAN)

- ACCIDENTAL DEATH & DISMEMBERMENT INS. (24 HOUR FAP)

- TRAVEL INSURANCE

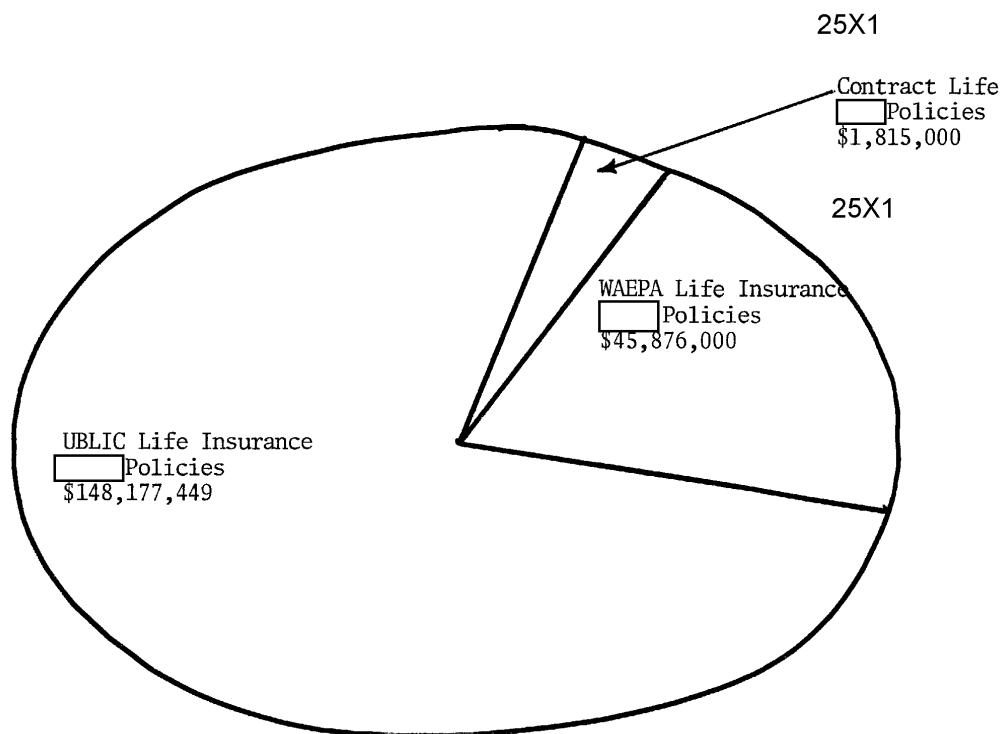
AIR FLIGHT TRIP
MILITARY AIR FLIGHT TRIP

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\$195,868,449 OF LIFE INSURANCE IN FORCE

31 DECEMBER 1977



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LIFE INSURANCE

Comparison with 31 December 1976 figures

UBLIC	- Policies increased by 35	Insurance coverage decreased by \$ 739,479
WAEPA	- Policies increased by 19	Insurance coverage increased by \$7,205,250
Contract	- Policies decreased by 9	Insurance coverage decreased by \$ 70,000

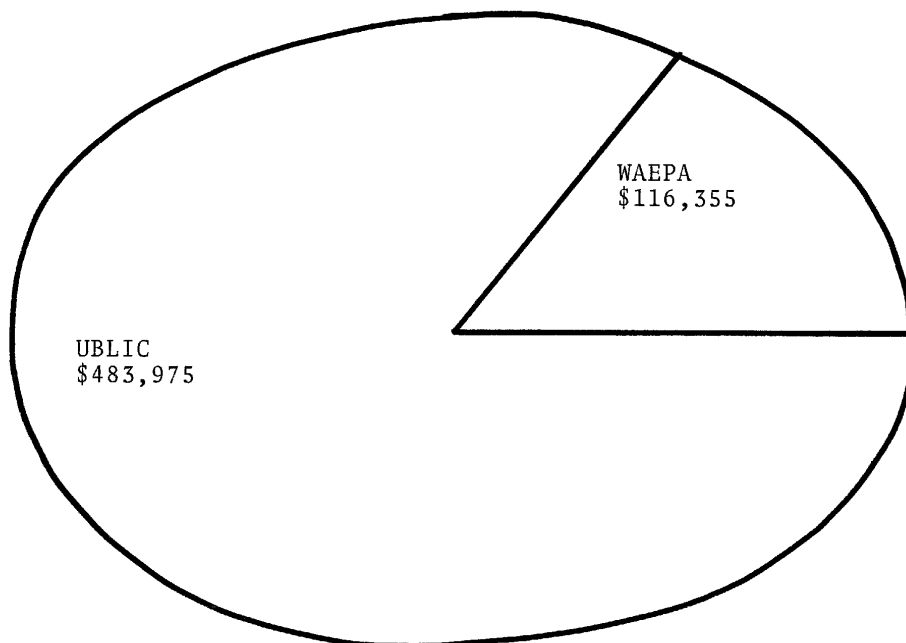
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LIFE INSURANCE BENEFITS PAID IN 1977

\$600,330



NO CONTRACT LIFE INSURANCE BENEFITS PAID IN 1977

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Comparison with 1976 Benefits

UBLIC benefits down	\$ 7,575
WAEPA benefits up	\$ 62,181
Contract Life down	\$ 10,000

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PUBLIC LIFE INSURANCE RETIREE COVERAGE AS OF 31 DECEMBER 1977
(Retiree Benefit Initiated 1 June 1966)

\$30,730,449 of Life Insurance Continued After Retirement

972 Retirees Under Age 60	
With Coverage Totaling	\$27,999,000
685 Retirees Age 60 to 70	
With Free Coverage Totaling	\$ 2,636,446
67 Retirees Age 70 or Older	
With Free Coverage Totaling	\$ 95,003

104 Claims Totaling \$1,424,949 Paid Since June 1966

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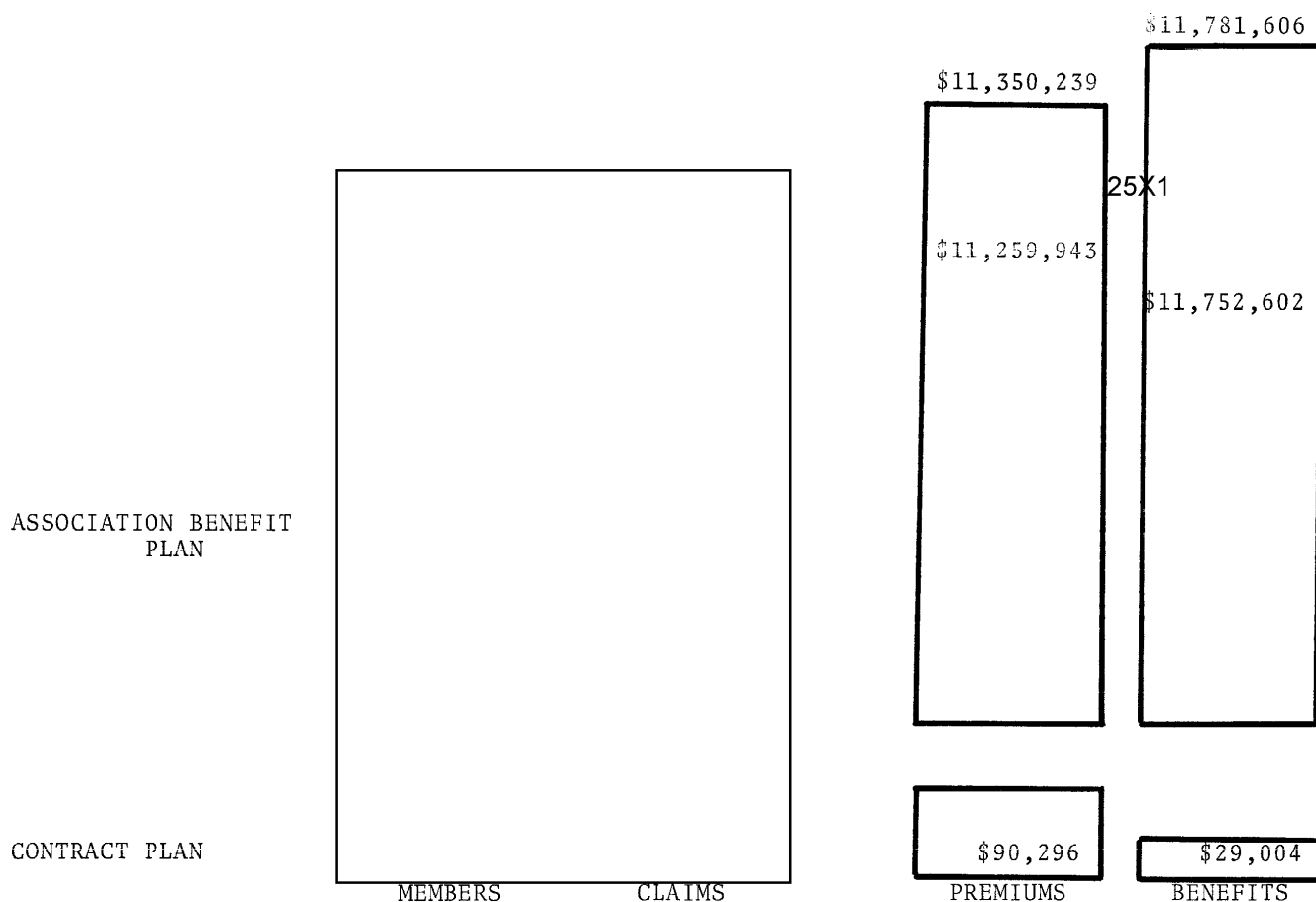
PUBLIC LIFE INSURANCE RETIREE COVERAGE

	<u>Dec '76 totals</u>	<u>Dec '77 totals</u>
Total number of retirees covered increased by 139	1585	1724
Total amount of insurance continued after retirement increased by \$1,417,521	\$29,312,928	\$30,730,449
Number of retirees under age 60 increased by 21	951	972
Coverage of retirees under age 60 increased by \$927,000	\$27,072,000	\$27,999,000
Number of retirees age 60 to 70 with free coverage increased by 99	586	685
Free Coverage of retirees age 60 to 70 increased by \$448,579	\$ 2,187,867	\$ 2,636,446
Number of retirees age 70 or older increased by 19	48	67
Free Coverage of retirees age 70 or older increased by \$41,942	\$ 53,061	\$ 95,003
Number of claims paid on retirees increased by 24	80	104
Total benefits paid increased by \$270,225	\$ 1,154,724	\$ 1,424,949
Free Coverage on eligible retirees increased by \$490,521	\$ 2,240,928	\$ 2,731,449

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HOSPITALIZATION, SURGICAL AND MAJOR MEDICAL PLAN ENROLLMENTS AND CLAIMS



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Enrollment in the Association Benefit Plan for 1977 was 26 more than 31 December 1976 figure.

Enrollment in the Contract Health Plan for 1977 was 26 more than the 31 December 1976 figure.

Paid Health Insurance Benefits increased by \$788,318 over 1976. The number of health insurance claims processed increased by approximately 1,715.

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HOW THE ASSOCIATION BENEFIT PLAN BENEFITS CHANGED IN JANUARY 1978

The Plan has added as a Basic Benefit, the payment of Hospital Outpatient charges in full for services and supplies rendered at the time of a surgical operation not requiring hospitalization as an inpatient.

The Basic Benefit for Hospital Outpatient expenses is increased from \$250 per person per calendar year to \$400 per person per calendar year.

The Basic Benefit for the administration of anesthetic in connection with surgery is increased from \$30 or 30% of the amount payable for the operation performed (provided the surgical procedure is a covered expense) to \$50 or 30%, whichever is greater.

Under Basic Benefits, Hospital Inpatient expenses, it is now specifically stated that intensive care units are covered in full.

Under Basic Benefits, Surgical expenses, it is now specifically stated that 1) charges incurred for a surgical transplant, whether incurred by the recipient or donor, will be considered expenses of the recipient and will be covered the same as for any other illness or injury, and 2) charges for the services of an assistant surgeon are covered.

The Plan now pays Maternity Benefits the same as for any illness or injury. Also it is clarified that expenses of the child are payable only if the child is covered under a self and family enrollment and if the confinement is for the treatment of illness or injury of the child.

The Dollar Maximum imposed on Major Medical Benefit is eliminated.

Under Major Medical, charges by an independent consulting physician for services in relation to a second opinion regarding the necessity for anticipated surgery are covered.

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I. UBLIC LIFE INSURANCE PLAN

For the second consecutive year, the UBLIC Plan experienced a favorable claims to premium ratio during the contract year ending 31 July 1977. As a result, a substantial refund of premium was returned to GEHA in October 1977. In December 1977, the GEHA Board of Directors approved a change in the UBLIC retirement provisions which is retroactive to 1 August 1976. Prior to this change, all GEHA members enrolled in the UBLIC plan for less than 10 consecutive years (15 consecutive years for members enrolling on or after August 1, 1976) prior to their date of retirement were ineligible for continued coverage under this plan. The change now permits an enrolled member who retires prior to age 60 to continue in force (until age 60) the amount of insurance they had at the time of retirement at the same premium rate paid by active employees in the retiree's age group. Retirees, who at age 60, meet the 10 or 15 consecutive year participation requirement (as outlined above) will be eligible for the reduced free UBLIC coverage offered by the underwriter of this plan. For enrollees who do not meet the 10 or 15 consecutive year participation requirement by age 60, UBLIC life insurance coverage will cease.

II. GEHA INVESTMENTS

In 1976, the Investment Committee of the GEHA Board of Directors recommended, and the Board approved, the investment firm of Basic Economic Analysis (BEA) Associates, Inc. for investment supervision and management of GEHA assets. BEA has the authority to determine what securities will be bought and sold. However, in exercising this authority, BEA gives consideration to the instructions and investment objectives of GEHA. During 1977 BEA continued the successful management of GEHA investments. Also during 1977 the Board of Directors had the BEA Vice President and Director, Mr. John Hurford, travel to Washington from his New York headquarters to meet with the Investment Committee and the Board of Directors.

III. INSURANCE BRANCH CLAIMS BACKLOG

The Association Benefit Plan (ABP) is experiencing a problem that is common to most health insurance plans at this time of year - a backlog of medical claims. During

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the months of November and December 1977 and in January 1978 the Insurance Branch has received a large number of medical claims. This has resulted in a backlog and delay of approximately 5 weeks in the processing and settlement of claims. As in years past, this backlog is caused by enrollees waiting to submit major medical claims until the end of the year or in time for income tax preparation. Adding to the burden of this large end of year submission is the increasing complexity of the medical claims and billing procedures by doctors and hospitals. Every effort is being made to process these claims in an expeditious manner.

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